

1.0 INTRODUCTION

1.1 THE ENVIRONMENTAL ASSESSMENT PROCESS

On March 5, 1999, U.S. District Judge Sam Sparks entered an order stipulating terms for implementation of the settlement (Settlement) agreed to by defendants, Longhorn Pipeline Partners, L.P. (Longhorn), and the plaintiffs. The settlement agreement is the result of a lawsuit (Ethel Spiller, *et al.*, Plaintiffs v. Robert M. Walker, *et al.*, Defendants. CIVIL NO. A-98-CA-255-SS) that was filed to compel the federal government to prepare an Environmental Impact Statement (EIS) before granting approval for the operation of the Longhorn Pipeline System (System) and for minor construction associated with completion of the System. The Settlement, which requires an Environmental Assessment (EA) rather than an EIS, was signed by representatives of the parties to the lawsuit on March 1, 1999, and is contained in Appendix 1A.

As provided for by Judge Sparks' order, the Settlement, and the National Environmental Policy Act of 1969 (NEPA), this EA is being prepared by two federal agencies (hereafter, Lead Agencies) — the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Transportation (DOT) — using the “third-party” concept. The Lead Agencies will jointly exercise their direction over the third-party independent contractor selected to prepare this report. The third-party contractor (hereafter, Contractor) is an Austin, Texas-based team composed of Radian International LLC (Radian) and Dames & Moore Inc., both companies of URS Corporation. Table 1-1 provides some key milestone dates leading up to the preparation of this EA.

This EA includes environmental information and impact analyses developed pursuant to NEPA regulations and methods. The EA also includes pipeline risk assessment and pipeline integrity analyses. The EA will undergo a 30-day period of public review and comment, including a total of five public comment meetings in Houston, Bastrop, Austin, Fredricksburg, and El Paso. At the completion of the EA process, the Lead Agencies will issue a Statement of Findings (SOF). The SOF will either result in a Finding of No Significant Impact (FNSI) or publication of a Notice of Intent (NOI) that an EIS will be prepared. The issuance of a FNSI would be based upon the EA of the proposed project with mitigation measures that would be implemented prior to and during operation.

This EA process for the Longhorn pipeline is referred to in the Settlement as an Enhanced EA because it includes processes usually reserved for EISs (e.g., public comment meetings), is

more detailed than a typical EA, and combines more thorough and detailed risk assessment and pipeline integrity analyses than do typical pipeline EAs.

Longhorn defines the approximately 723-mile-long System as including:

- The 694.6 miles from the point of origin in Galena Park (GATX) in Harris County to the El Paso Terminal;
- The 27.7 miles of intrastate pipeline connecting the GATX-to-El Paso mainline to an Odessa, Texas, terminal; and
- The El Paso Terminal and existing and future pump stations with several hundred feet of internal lines, valves, and other infrastructure.

The geographic scope of this EA includes (1) an additional eight-plus miles where Longhorn proposes to construct three small-diameter laterals to connect the El Paso Terminal with two interstate pipelines that would transport refined product to New Mexico and Arizona; and (2) 2,500 ft. of proposed lateral line in Odessa.

1.2 ROLE OF FEDERAL AGENCIES

The federal agencies participating in the preparation of the EA have different roles with respect to the pipeline and related environmental and safety issues. The Proposed Project is not federally owned, operated, or funded. It is a private undertaking initiated by a private company. DOT has statutory responsibility to monitor the operations of pipeline companies and the adequacy of their accident response plans. Neither DOT nor EPA has the statutory authority to grant overall project approval or to determine the routing or placement of pipelines.

Department of Transportation. DOT has statutory responsibility for ensuring the safe transportation of hazardous liquids by pipeline. Pursuant to 49 USC 60101 *et seq.*, DOT has promulgated safety standards concerning pipeline construction, operation, and maintenance, 49 CFR Parts 40, 190, 195, and 199. The Office of Pipeline Safety (OPS), a component of DOT's Research and Special Programs Administration, enforces these regulations and inspects pipelines to monitor compliance with DOT safety standards. The pipeline safety statute does not authorize DOT to prescribe the location or routing of a pipeline facility, 49 USC 60104(e). Under the Oil Pollution Act, OPS has responsibility for review and approval of response plans for cleanup in case of a spill; 33 USC 1231, 1321; 49 CFR Part 194.

Environmental Protection Agency. In connection with certain construction activities, Longhorn requested from EPA a stormwater discharge permit under Section 402 of the Clean Water Act (CWA), 33 USC 1342. EPA's permitting decisions under this section of CWA are exempted from NEPA, 33 USC 1371(c)(1). In furtherance of its overall mission to ensure and enhance environmental quality, EPA maintains a policy of voluntary compliance with NEPA even where NEPA review is not legally required, 63 FR 58045 (Oct. 19, 1998). EPA has agreed to take a leading role in the negotiated EA process in order to lend its experience, expertise, and limited resources to the environmental review of the Longhorn project.

Department of the Army. The Army has an interest in the EA because Longhorn has applied for a pipeline right-of-way to cross six miles of Fort Bliss, an Army installation in west Texas, and because of the authority of the Army Corps of Engineers pursuant to Section 404(a) of the Clean Water Act, 33 USC 1344(a); 33 USC 1362(7), and the Rivers and Harbors Act, 33 USC 403.

1.3 ORGANIZATION OF THE EA

This EA consists of three volumes. Volume 1 contains the EA report; Volume 2 contains appendices, and Volume 3 contains a graphical depiction of Longhorn Mitigation Commitments by pipeline segments. In addition to the appendices, relevant information used in this report is maintained in a central repository by the Contractor in Austin for viewing by the public. Volume 1 contains nine chapters. The contents of these chapters are described below.

- Chapter 1 — Introduction
- Chapter 2 — Purpose and Need for the Proposed Project: This chapter describes the purpose and the underlying needs for this project as presented by Longhorn.
- Chapter 3 — Description of the Proposed Project and Alternatives: This chapter describes the route, operation, maintenance, and remaining construction. It also identifies alternative routes and pollution control and safety measures required to be analyzed under terms of the Settlement. These “mitigation measures” could, individually or collectively, comprise part of the requirements attached to the EA Decision by the Lead Agencies.
- Chapter 4 — Affected Environment: This chapter describes the existing environment along the route from Houston to El Paso as well as the Odessa Lateral. It focuses on those areas that are considered sensitive from both public safety and environmental impact criteria.
- Chapter 5 — Pipeline Integrity Analysis: This chapter discusses the integrity of the System with a focus on the GATX-to-Crane portion of the System.

- Chapter 6 — Overall Pipeline Risk Assessment: This chapter is a risk assessment of the entire pipeline with greater emphasis on those areas deemed sensitive. This risk assessment seeks to identify the probability and magnitude of product releases along the pipeline.
- Chapter 7 — Potential Impacts Analysis: Chapter 7 draws from Chapter 6 to describe how potential leaks, spills, or fires could affect human safety, water quality, wildlife, and other environmental assessment categories. The primary topical focus is on water quality, both ground water and surface water, and human health.
- Chapter 8 — Environmental Justice: This chapter describes whether the impacts described in Chapter 7 disproportionately affect minority and poor populations.
- Chapter 9 — Analysis of Alternatives and Mitigation: This chapter identifies and provides analyses of alternative routes and potential mitigation measures to reduce identified impacts.

**Table 1-1. Chronology of Events Associated
with Longhorn Pipeline System Project**

Date	Events
1993	Exxon Pipeline Company (EPC) identified its pipeline from Crane, Texas, to Houston as a potential candidate for conversion to a refined products pipeline.
1994	EPC entered into negotiations with Axis Gas Corporation and The Beacon Group Energy Investment Fund, L.P. (Beacon) for sale of the crude oil line.
June 9, 1995, to October 21, 1997	EPC maintained the line for purposes of selling it. Maintenance activities included aerial surveillance, right-of-way monitoring, one-call response, cathodic protection, repair, lowering and replacement of pipe, inspections, and documentation required under state and federal laws and regulations.
November 1, 1995	EPC discontinued crude oil service and began displacing crude in the line with water that would be used in the hydrotest of the line in accordance with DOT standards. Testing was completed in March 1996.
December 1995	Longhorn was formed (by affiliates of Beacon and Williams Pipeline Company) to develop a pipeline system to provide common carrier transport of refined petroleum products from the Texas Gulf Coast to El Paso and, via connections with other pipelines, to New Mexico and Arizona.
October 21, 1997	Following a lengthy period in which Longhorn sought financing, EPC sold the pipeline to Longhorn. At this time, the partnership was expanded to include other parties such as AMOCO, EPC, and other investors.
April 1998	Two ranchers filed suit in federal court to prevent Longhorn from operating the line until an EIS had been completed under NEPA. Later, the Lower Colorado River Authority (LCRA), the City of Austin, and the Barton Springs/Edwards Aquifer Conservation District (BS/EACD) joined as plaintiffs to the case.
August 25, 1998	Federal District Judge Sam Sparks entered preliminary injunction prohibiting Longhorn from transporting any petroleum products until further order from the courts. Judge Sparks directed the EPA and DOT to prepare an EIS under NEPA.
Fall 1998	The parties to the lawsuit began negotiations to settle the issue.
March 5, 1999	Judge Sparks signed the Settlement calling for an Enhanced EA.

TABLE OF CONTENTS

1.0 <u>INTRODUCTION</u>	1-1
1.1 THE ENVIRONMENTAL ASSESSMENT PROCESS	1-1
1.2 ROLE OF FEDERAL AGENCIES	1-2
1.3 ORGANIZATION OF THE EA.....	1-3

TABLE

1-1	Chronology of Events Associated with Longhorn Pipeline System Project	1-5
-----	---	-----

APPENDIX (See Volume 2)

1A	Settlement Agreement
----	----------------------